

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Pere Marquette Charter Township	County Mason
Audit Date 12/31/05	Opinion Date 4/5/06	Date Accountant Report Submitted to State: 6/21/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

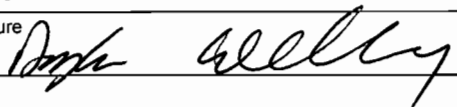
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☒ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Douglas Wohlberg, CPA			
Street Address PO Box 1013	City Byron Center	State MI	ZIP 49315
Accountant Signature 			Date 6/21/06

Pere Marquette Charter Township

Mason County, Michigan

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2005

Pere Marquette Charter Township

Mason County, Michigan

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December 31, 2005

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Pere Marquette Charter Township

Mason County, Michigan

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INDEPENDENT AUDITORS' REPORT

To the Township Board
Pere Marquette Charter Township
Mason County, Michigan

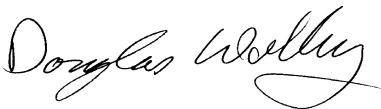
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pere Marquette Charter Township as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Pere Marquette Charter Township management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Pere Marquette Charter Township as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pere Marquette Charter Township basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Byron Center, Michigan
April 5, 2006

PERE MARQUETTE CHARTER TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

as of December 31, 2005

Using this annual report

The purpose of this financial report is to help to understand GASB 34, the new reporting model established by the Governmental Auditing Standards Board. Pere Marquette Charter Township first implemented this new reporting standard for the fiscal year ending December 31, 2003.

The government-wide financial statements include not only Pere Marquette Charter Township itself (known as the primary government), but also a legally separate Authority for which Pere Marquette Charter Township is legally accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. Separate financial statements have been prepared for this Authority, known as the Hamlin-Pere Marquette Water and Sewer Authority, and are available at the Township Hall.

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government wide financial statements.

Following is a summary of the Statement of Net Assets.

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 4,486,454	\$ 4,935,966	\$ 792,950	\$ 671,790	\$ 5,279,404	\$ 5,607,756
Capital assets	1,799,008	1,783,934	5,501,604	5,612,701	7,300,612	7,396,635
Total assets	6,285,462	6,719,900	6,294,554	6,284,491	12,580,016	13,004,391
Long-term liabilities outstanding	3,534,320	3,819,975	-	-	3,534,320	3,819,975
Other liabilities	340,128	414,951	58,906	60,663	399,034	475,614
Total liabilities	3,874,448	4,234,926	58,906	60,663	3,933,354	4,295,589
Net assets						
Invested in capital assets, net of related debt	1,799,008	1,783,934	5,612,701	5,612,701	7,411,709	7,396,635
Restricted	2,990,132	3,365,145	-	-	2,990,132	3,365,145
Unrestricted	(2,378,126)	(2,664,105)	622,947	611,127	(1,755,179)	(2,052,978)
Total net assets	\$ 2,411,014	\$ 2,484,974	\$ 6,235,648	\$ 6,223,828	\$ 8,646,662	\$ 8,708,802

PERE MARQUETTE CHARTER TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

as of December 31, 2005

Following is a summary of the Statement of Activities.

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues						
Charges for services	339,196	295,605	617,456	604,593	956,652	900,198
Operating grants and contributions	52,824	14,560	-	-	52,824	14,560
General revenues						
Property taxes	1,001,408	990,172	-	-	1,001,408	990,172
State shared revenue	155,682	150,211	-	-	155,682	150,211
Other	187,707	110,400	19,449	11,457	207,156	121,857
Total revenues	1,736,817	1,560,948	636,905	616,050	2,373,722	2,176,998
Expenses						
General government	889,273	786,838	-	-	889,273	786,838
Public safety	165,480	155,141	-	-	165,480	155,141
Public works	132,245	92,040	-	-	132,245	92,040
Health and welfare	9,500	9,500	-	-	9,500	9,500
Community and economic development	39,336	38,974	-	-	39,336	38,974
Recreation and culture	90,404	95,936	-	-	90,404	95,936
Capital outlay	-	11,500	-	-	-	11,500
Interest on long-term debt	185,609	69,196	-	-	185,609	69,196
Sewer	-	-	336,840	334,956	336,840	334,956
Water	-	-	288,245	267,051	288,245	267,051
Total expenses	1,511,847	1,259,125	625,085	602,007	2,136,932	1,861,132
Increase in net assets before transfers	224,970	301,823	11,820	14,043	236,790	315,866
Transfers	(298,930)	(301,578)			(298,930)	(301,578)
Increase in net assets	(73,960)	245	11,820	14,043	(62,140)	14,288
Net assets beginning of year	2,484,974	2,484,729	6,223,828	6,209,785	8,708,802	8,694,514
Net assets end of year	\$ 2,411,014	\$ 2,484,974	\$ 6,235,648	\$ 6,223,828	\$ 8,646,662	\$ 8,708,802

PERE MARQUETTE CHARTER TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

as of December 31, 2005

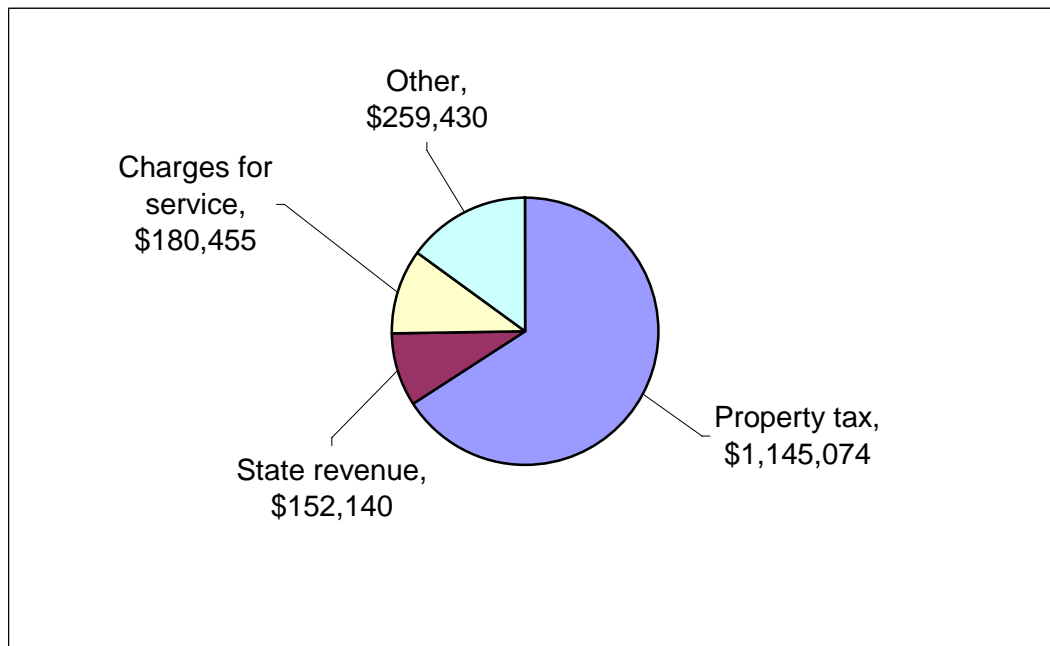
The Township as a whole

The Township's combined net assets decreased by \$62,140 or 0.71% in 2005. Unrestricted net assets - the part that can be used to finance day to day operations - increased by \$285,979 for governmental activities. Long-term debt related to the governmental funds decreased by \$330,841 from the prior year, reflecting bond payments made during the year and issuing bonds for the First Street Business/Industrial Park.

The Township as a whole has continued to maintain a solid financial base. The Township has bonded to finance construction of the First Street Business/Industrial Park. The sale of lots in the park will generate dollars for the Township and the diversified mix of technology-based businesses moving onto those lots are expected to create jobs which will justify higher wages and fringe benefits than the current community averages.

Governmental Activities

Revenue for Township operation is generated primarily from three sources: tax revenue, charges for services and permit fees, and State sources such as State revenue sharing and State grants, when awarded. The following chart illustrates the sources of the Township's revenue.



PERE MARQUETTE CHARTER TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

as of December 31, 2005

Tax revenue is calculated by multiplying the taxable value of a property by the levied millage rate. The current tax millage levy at 2.85 mills. Tax revenue is calculated on each property by multiplying the taxable value by the levied millage rate. For example, a home with a taxable value of \$60,000 (x .00285 mills) would generate Township tax revenue of \$171. There are no special levies for services provided by the Township, i.e., major services such as curbside refuse and recycling are funded within the 2.85 millage levy. The levy remained at 2.35 mills for the years 1997 through 2003, increasing to 2.85 in 2004 due to declining revenues and increasing expenses of operation.

Total revenue in the general fund shows a modest increase of \$88,837, resulting mainly due to the increase in the levy and Homeland Security Grant.

General Fund expenditures amounted to \$149,413 more than the previous year. This increase is the result of controlling employee expenses particularly in General Government, Public Works and Recreation and Culture. Township departments generally were able to stay within and below budgeted numbers on expenditures. Budget status reports are reviewed by each department monthly so that they can evaluate and monitor expenditures.

Business-type Activities

The Township's business-type activities consist of the Water and Sewer Funds. The Township contracts with the City of Ludington for the purchase of water, and for sewage treatment service. The Township has increased the capability of this service throughout the past 20 years by installing additional water mains and sewage collection systems each year as funds allow. Construction of the systems has been funded by special assessment and general obligation bonds, bonds issued by the Hamlin/Pere Marquette Water and Sewer Authority, and smaller projects funded by the water and/or sewer funds. User connection fees are utilized to pay a portion of the yearly bond payments.

Operation of the water and sewer systems, including the purchase of water and sewage treatment by the City of Ludington, is paid through user fees based upon the amount of metered water used. A comparison of revenues and expenditures is evaluated at least every two years to determine whether rates are providing the necessary revenue to meet expenses of the system. The last water rate increase went into effect for the quarter beginning July 1, 2003. The last sewer rate increase went into effect for the quarter beginning October 1, 2004.

PERE MARQUETTE CHARTER TOWNSHIP

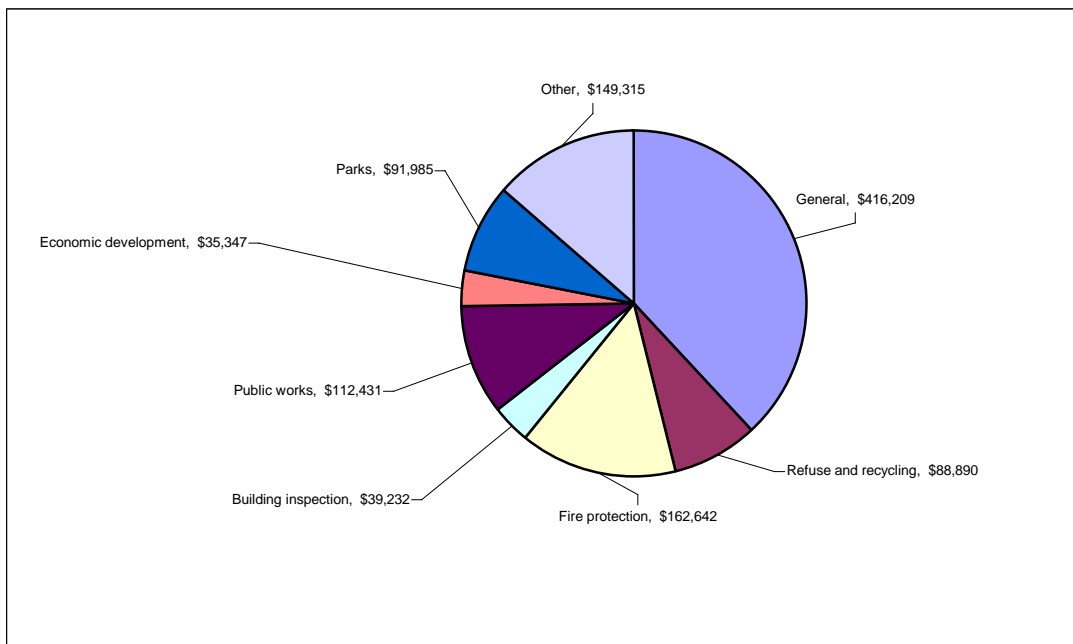
MANAGEMENT'S DISCUSSION AND ANALYSIS

as of December 31, 2005

The Township's Funds

Analysis of the Township's major funds begins on page 16, following the entity wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for various activities. The Township's major funds for 2005 include the General Fund, the General Obligation-Debt Service Fund, the Riverview/Riviera Debt Service Fund, the 2004 Capital Improvement Fund, and the Sewer and Water Funds.

The General Fund pays for most of the Township's governmental services. The most significant are fire department, park and recreation department, department of public works, curbside refuse and recycling collection, and building/zoning departments. These services are provided by a combination of general tax collection and user fees. The chart below illustrates how expenditures were allocated to various services in 2005.



Revenue and expense of the General Obligation-Debt Retirement Fund and the various Special Assessment Funds are directly reflective of the payment of bonds for funds borrowed for the installation of water and sewer service lines.

The 2004 General Obligation/Capital Improvement Fund was created in 2004 to account for the payment of debt incurred on the sale of bonds to be used to match a US Department of Commerce, Economic Development Administration Grant for the development of the First Street Business/Industrial Park, construction of an elevated water tower, and installation of municipal water wells.

PERE MARQUETTE CHARTER TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

as of December 31, 2005

The Construction Fund was activated in 2005 to receive the proceeds from the sale of the 2004 Capital Improvement bonds and to account for revenue and expenditures associated with the construction of the First Street Business/Industrial Park, water tower and municipal well project.

The Capital Improvement Fund is utilized to set aside and purchase and/or replace equipment or make major improvements or additions to Township assets.

The Industrial Park Fund is utilized to account for the costs of construction, improvement and operation of the Township's two industrial park sites, as well as to account for the revenue from sale of industrial sites and funds received from grant sources.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. The most significant changes were amendments to recognize revenue from the receipt of a Homeland Security Grant for firefighter equipment, and to budget revenue and expenses from the sale of bonds for the First Street Business/Industrial Park project.

Capital Asset and Debt Administration

At the end of 2005, the Township had \$7,396,635 invested in a broad range of capital assets, including buildings, park improvements, police and fire equipment, industrial park property, and water and sewer lines. In addition, the Township has invested significantly in roads within the Township. Road assets are not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the Mason County Road Commission (along with the responsibility to maintain them.)

PERE MARQUETTE CHARTER TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

as of December 31, 2005

Economic Factors and Next Year's Budgets and Rates

Due to the financial constraints currently felt by the State of Michigan, it is very likely that revenue sharing to local governments will remain at reduced levels. Fees for services are not expected to increase substantially and revenue from building permit fees is expected to remain low in 2006. Rates for water and sewer usage will be evaluated in 2006 and an increase in rates is anticipated. Further, if rates are increased by the City of Ludington, it will be necessary to increase rates charged to Township users by a like amount. Construction of the First Street Business Park, water tower and municipal wells will be on-going throughout 2006 and will result in a reduction in funds in the construction fund as contractors are paid for that project.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Clerk's office as follows:

1699 S. Pere Marquette Highway
Ludington, MI 49431
phone: (231) 845-1277
email: pmclerk@peremarquettetwp.org
website: www.peremarquettetwp.org

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Pere Marquette Charter Township

Mason County, Michigan

Statement of Net Assets

For the year ended December 31, 2005

	Governmental activities	Business type activities	Total	Component units
GOVERNMENTAL ASSETS				
Cash and cash equivalents	\$ 1,580,444	\$ 433,030	\$ 2,013,474	\$ 3,860
Investments	1,833,850	196,320	2,030,170	-
Receivables (net)	1,072,160	155,111	1,227,271	-
Inventories	-	8,489	8,489	-
Capital assets - net	1,799,008	5,501,604	7,300,612	2,591,171
TOTAL ASSETS	\$ 6,285,462	\$ 6,294,554	\$ 12,580,016	\$ 2,595,031
GOVERNMENTAL LIABILITIES				
Accounts payable	\$ 10,333	\$ 58,906	\$ 69,239	\$ -
Accrued and other liabilities	48,066	-	48,066	48,856
Deferred revenue	146,074	-	146,074	-
Due within one year	135,655	-	135,655	155,000
Due in more than one year	3,534,320	-	3,534,320	1,120,000
TOTAL LIABILITIES	3,874,448	58,906	3,933,354	1,323,856
GOVERNMENTAL NET ASSETS				
Restricted				
Debt service	248,425	-	248,425	3,860
Capital projects	2,733,892	-	2,733,892	-
Right of way improvements	7,815	-	7,815	-
Invested in capital assets	1,799,008	5,612,701	7,411,709	1,316,171
Unrestricted	(2,378,126)	622,947	(1,755,179)	(48,856)
TOTAL NET ASSETS	2,411,014	6,235,648	8,646,662	1,271,175
TOTAL LIABILITIES AND NET ASSETS	\$ 6,285,462	\$ 6,294,554	\$ 12,580,016	\$ 2,595,031

The notes to the financial statements are an integral part of this statement.

Pere Marquette Charter Township

Mason County, Michigan

Statement of Activities

For the year ended December 31, 2005

Functions/Programs	Expenses	Charges for services
<u>Government activities</u>		
General government	\$ 889,273	\$ 182,770
Public safety	165,480	16,898
Public works	132,245	43,005
Health and welfare	9,500	-
Community and economic development	39,336	899
Recreation and culture	90,404	95,624
Interest on long-term debt	185,609	-
Total Governmental activities	1,511,847	339,196
<u>Business activities</u>		
Sewer	336,840	355,474
Water	288,245	261,982
Total Business type activities	625,085	617,456
Total Primary government	2,136,932	956,652
<u>Component unit</u>		
Hamlin/Pere Marquette Water and Sewer Authority	\$ 100,636	\$ -
<u>General Revenues</u>		
Property taxes		
State-shared revenue		
Unrestricted investment income		
Rent and contracts		
Fines and forfeitures		
Miscellaneous		
Transfers		
Total general revenues - special items and transfers		
Change in net assets		
Net assets at beginning of year		
Net assets at end of year		

The notes to the financial statements are an integral part of this statement.

Operating grants and contributions	Governmental activities	Business-type activities	Total	Component units
\$ -	\$ (706,503)	\$ -	\$ (706,503)	
52,824	(95,758)		(95,758)	
-	(89,240)		(89,240)	
-	(9,500)		(9,500)	
-	(38,437)		(38,437)	
-	5,220		5,220	
-	(185,609)		(185,609)	
52,824	(1,119,827)		(1,119,827)	
-		18,634	18,634	
-		(26,263)	(26,263)	
-		(7,629)	(7,629)	
52,824	(1,119,827)	(7,629)	(1,127,456)	
\$ -			\$ (100,636)	
	1,001,408	-	1,001,408	-
	155,682	-	155,682	-
	102,871	19,449	122,320	-
	1,300	-	1,300	-
	283	-	283	-
	83,253	-	83,253	263
	(298,930)	-	(298,930)	298,930
	1,045,867	19,449	1,065,316	299,193
	(73,960)	11,820	(62,140)	198,557
	2,484,974	6,223,828	8,708,802	1,072,618
\$	2,411,014	\$ 6,235,648	\$ 8,646,662	\$ 1,271,175

The notes to the financial statements are an integral part of this statement.

Pere Marquette Charter Township

Mason County, Michigan

Governmental Funds

Balance Sheet

December 31, 2005

	General Fund	General Obligation Debt Service Fund	Riverview/Riviera Debt Service Fund
<u>ASSETS</u>			
Cash and cash equivalents	\$ 184,264	\$ 28,073	\$ 75,888
Investments	250,000	-	-
Taxes receivable	922,587	-	-
Accounts receivable	130	-	-
Special assessments receivable	-	35,231	92,216
Interest receivable	-	2,334	-
TOTAL ASSETS	\$ 1,356,981	\$ 65,638	\$ 168,104
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts payable	\$ 10,333	\$ -	\$ -
Deferred revenue	-	35,231	92,216
TOTAL LIABILITIES	10,333	35,231	92,216
<u>FUND BALANCES</u>			
Reserved for			
Debt service	-	30,407	75,888
Capital outlay	-	-	-
Right of way improvements	-	-	-
Unreserved	1,346,648	-	-
TOTAL FUND BALANCES	1,346,648	30,407	75,888
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,356,981	\$ 65,638	\$ 168,104

The notes to the financial statements are an integral part of this statement.

2004 Construction Fund	Nonmajor Funds	Total
\$ 950,625	\$ 341,594	\$ 1,580,444
1,533,850	50,000	1,833,850
-	-	922,587
-	-	130
-	18,627	146,074
-	1,035	3,369
<u>\$ 2,484,475</u>	<u>\$ 411,256</u>	<u>\$ 4,486,454</u>

\$ -	\$ -	\$ 10,333
-	18,627	146,074
-	18,627	156,407

-	135,397	241,692
2,484,475	249,417	2,733,892
-	7,815	7,815
-	-	1,346,648
<u>2,484,475</u>	<u>392,629</u>	<u>4,330,047</u>

\$ 2,484,475	\$ 411,256	\$ 4,486,454
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The notes to the financial statements are an integral part of this statement.

Pere Marquette Charter Township

Mason County, Michigan

Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

For the year ended December 31, 2005

Total fund balances - total governmental funds	\$	4,330,047
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital assets at cost	2,727,180
Accumulated depreciation	(928,172)
Net capital assets	1,799,008

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Balances at December 31, 2005 were:

Bonds payable	(3,669,975)
Accrued interest on bonds	(48,066)
Net assets of governmental activities	\$ 2,411,014

The notes to the financial statements are an integral part of this statement.

Pere Marquette Charter Township

Mason County, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

For the year ended December 31, 2005

	General Fund	General Obligation Debt Service Fund	Riverview-Riviera Debt Service Fund
REVENUE			
Property taxes	\$ 1,145,074	\$ -	\$ -
Federal grants	52,824	-	-
State grants	152,140	-	-
Intergovernmental	-	-	-
Licenses and permits	17,436	-	-
Fines and forfeitures	283	-	-
Charges for services	143,750	36,705	-
Interest and rentals	20,392	433	5,572
Other revenue	15,491	10,838	45,165
TOTAL REVENUE	1,547,390	47,976	50,737
EXPENDITURES			
General government	505,099	-	-
Public safety	201,874	-	-
Department of public works	112,431	-	-
Community and economic development	35,347	-	-
Recreation and culture	91,985	-	-
Other governmental functions	149,315	-	-
Debt service	-	165,106	212,935
Capital outlay	-	-	-
TOTAL EXPENDITURES	1,096,051	165,106	212,935
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	451,339	(117,130)	(162,198)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	431,618	-
Transfers out	(464,318)	(297,230)	(37,000)
Prior period adjustments	-	-	(4,514)
TOTAL OTHER FINANCING SOURCES (USES)	(464,318)	134,388	(41,514)
NET CHANGE IN FUND BALANCES	(12,979)	17,258	(203,712)
FUND BALANCES, BEGINNING OF YEAR	1,359,627	13,149	279,600
FUND BALANCES, END OF YEAR	\$ 1,346,648	\$ 30,407	\$ 75,888

The notes to the financial statements are an integral part of this statement.

2004 Construction Fund		Nonmajor Funds	Total
\$	-	\$	\$ 1,145,074
	-	-	52,824
	-	-	152,140
	-	3,542	3,542
	-	-	17,436
	-	-	283
	-	-	180,455
	67,302	10,473	104,172
	-	9,679	81,173
	67,302	23,694	1,737,099
	-	-	505,099
	-	-	201,874
	-	-	112,431
	-	-	35,347
	-	-	91,985
	-	-	149,315
	-	115,097	493,138
	202,502	36,690	239,192
	202,502	151,787	1,828,381
	(135,200)	(128,093)	(91,282)
	-	70,000	501,618
	-	(2,000)	(800,548)
	-	-	(4,514)
	-	68,000	(303,444)
	(135,200)	(60,093)	(394,726)
	2,619,675	452,722	4,724,773
\$	2,484,475	\$ 392,629	\$ 4,330,047

The notes to the financial statements are an integral part of this statement.

Pere Marquette Charter Township

Mason County, Michigan

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended December 31, 2005

Net change in fund balances - total governmental funds	\$	(394,726)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay added to capital assets.	123,885
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Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	330,841
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Some expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Depreciation	(108,811)
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Accrued interest	(25,149)
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Change in net assets of government activities	\$	(73,960)
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The notes to the financial statements are an integral part of this statement.

Pere Marquette Charter Township

Mason County, Michigan

Proprietary Funds

Statement of Net Assets

December 31, 2005

	Sewer Fund	Water Fund	Total
ASSETS			
Current assets			
Cash	\$ 286,633	\$ 146,397	\$ 433,030
Investments	196,320	-	196,320
Accounts receivable	69,145	37,934	107,079
Special assessments receivable	38,036	9,996	48,032
Inventory	615	7,874	8,489
Total current assets	590,749	202,201	792,950
Noncurrent assets			
Capital assets	3,215,011	2,286,593	5,501,604
TOTAL ASSETS	\$ 3,805,760	\$ 2,488,794	\$ 6,294,554
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current liabilities			
Accounts payable	\$ 37,166	\$ 21,740	\$ 58,906
NET ASSETS			
Invested in capital assets - net of related debt	3,215,011	2,286,593	5,501,604
Undesignated	553,583	180,461	734,044
TOTAL NET ASSETS	3,768,594	2,467,054	6,235,648
TOTAL LIABILITIES AND NET ASSETS	\$ 3,805,760	\$ 2,488,794	\$ 6,294,554

The notes to the financial statements are an integral part of this statement.

Pere Marquette Charter Township

Mason County, Michigan

Proprietary Funds

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended December 31, 2005

	Sewer Fund	Water Fund	Total
<u>OPERATING REVENUE</u>			
Sales	\$ 323,323	\$ 237,575	\$ 560,898
Installation and other charges	31,567	24,000	55,567
TOTAL OPERATING REVENUE	354,890	261,575	616,465
<u>OPERATING EXPENSES</u>			
Personal services	69,256	69,255	138,511
Contractual services	149,404	142,379	291,783
Utilities	8,730	1,832	10,562
Repairs and maintenance	19,830	3,697	23,527
Other	9,284	11,186	20,470
Depreciation	80,336	59,896	140,232
TOTAL OPERATING EXPENSES	336,840	288,245	625,085
OPERATING INCOME (LOSS)	18,050	(26,670)	(8,620)
<u>NONOPERATING REVENUE (EXPENSES)</u>			
Interest on investments	15,158	4,291	19,449
Penalty and interest charges	471	407	878
Reimbursements	113	-	113
TOTAL NONOPERATING REVENUES (EXPENSE)	15,742	4,698	20,440
CHANGE IN NET ASSETS	33,792	(21,972)	11,820
NET ASSETS, BEGINNING OF YEAR	3,734,802	2,489,026	6,223,828
NET ASSETS, END OF YEAR	\$ 3,768,594	\$ 2,467,054	\$ 6,235,648

The notes to the financial statements are an integral part of this statement.

Pere Marquette Charter Township

Mason County, Michigan

Proprietary Funds

Statement of Cash Flows

For the year ended December 31, 2005

	Sewer Fund	Water Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers	\$ 368,626	\$ 259,332	\$ 627,958
Payments to suppliers	(188,521)	(160,272)	(348,793)
Payments to employees	(69,256)	(69,255)	(138,511)
Other receipts (Payments)	6,710	-	6,710
Change in special assessments	-	5,438	5,438
Net cash provided (used) by operating activities	117,559	35,243	152,802
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Purchase of capital assets	(23,720)	(4,890)	(28,610)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Purchase of investments	(196,320)	-	(196,320)
Interest and dividends	15,158	4,291	19,449
Net cash provided by investing activities	(181,162)	4,291	(176,871)
Net increase (decrease) in cash and cash equivalents	(87,323)	34,644	(52,679)
Balances - beginning of year	373,956	111,753	485,709
Balances - end of year	\$ 286,633	\$ 146,397	\$ 433,030
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>			
Operating income (loss)	\$ 18,050	\$ (26,670)	\$ (8,620)
Adjustments to reconcile Operating income to net cash			
Provided (used) by operating activities			
Depreciation expense	80,336	59,896	140,232
Change in net assets and liabilities			
Receivables - net	13,152	(2,126)	11,026
Inventories	-	(691)	(691)
Accounts and other payables	(1,273)	(487)	(1,760)
Change in special assessments	7,294	5,321	12,615
Net cash provided by operating activities	\$ 117,559	\$ 35,243	\$ 152,802

The notes to the financial statements are an integral part of this statement.

Pere Marquette Charter Township

Mason County, Michigan

Fiduciary Funds

Statement of Net Assets

For the year ended December 31, 2005

	Pension and Other Employee Benefit Fund Type	Agency Fund Type
ASSETS		
Cash and cash equivalents	\$ -	\$ 23,353
Investments - at fair value		
Other investments	906,077	-
TOTAL ASSETS	\$ 906,077	\$ 23,353
LIABILITIES		
Accounts payable	\$ -	\$ 9,379
Deposits payable	-	12,755
Due to other funds	-	624
Due to other governmental units	-	5
Refunds payable and others	-	590
TOTAL LIABILITIES	-	\$ 23,353
NET ASSETS	\$ 906,077	

The notes to the financial statements are an integral part of this statement.

Pere Marquette Charter Township

Mason County, Michigan

Fiduciary Funds

Statement of Changes in Net Assets

For the year ended December 31, 2005

	Pension and Other Employee Benefit Fund Type
<u>ADDITIONS</u>	
Contributions	
Employer	\$ 70,192
Net appreciation (depreciation) in fair value of investments	58,867
Less Investment expense	(600)
Net investment income	58,267
TOTAL ADDITIONS	128,459
<u>DEDUCTIONS</u>	
Benefits	10,732
CHANGE IN NET ASSETS	117,727
NET ASSETS, BEGINNING OF YEAR	788,350
NET ASSETS, END OF YEAR	\$ 906,077

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Pere Marquette Charter Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Pere Marquette Charter Township:

A. Reporting Entity

Pere Marquette Charter Township is governed by an elected seven-member Board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Discretely Presented Component Units

The Township is participant in the two-member Hamlin/Pere Marquette Water and Sewer Authority formed in 1990 under an interlocal agreement authorized by Act 233, Public Acts of Michigan, 1955, to establish and operate water and sewer systems. The members of the authority board are appointed by each government. Although the authority is legally separate from the Township, the authority is reported as if it were part of the primary government (discretely) because the operations of the facility are funded by and exclusively benefit the Township. Hamlin Township participates only to the extent of a legislative role. Complete financial statements of this component unit can be obtained from its administrative office at Hamlin/Pere Marquette Water and Sewer Authority, 1699 South Pere Marquette Highway, Ludington, MI 49431.

Jointly Governed Organization

The Township is also a participant in a joint venture, the Western Mason County Fire District Authority, with the City of Ludington and Hamlin Township. This authority is not considered to be a component unit of Pere Marquette Charter Township. Separate audit financial statements may be obtained from the Township Supervisor.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2005

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Pere Marquette Charter Township's property tax is levied on each December 1 on the taxable valuation of property (as defined by State statutes) located in Pere Marquette Charter Township as of the preceding December 31st.

Although Pere Marquette Charter Township's 2005 ad valorem tax is levied and collectible on December 1, 2005, it is Pere Marquette Charter Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2005 taxable valuation of Pere Marquette Charter Township totaled \$375,611,967, of which \$48,774,534 were levied on IFT properties. The taxes levied consisted of the following:

		<u>Mills levied</u>		<u>Raising</u>
Ad valorem	\$	2.8500	\$	931,487
IFT		1.4250		69,504

These amounts are recognized in the General Fund financial statements as taxes receivable-current.

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2005

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

General Obligation Debt Service Fund accounts for special assessments and other sources for the retirement of long-term debt.

Riverview Special Assessment Debt Service Fund accounts for special assessments for the retirement of long-term debt.

2004 Construction Fund accounts for the bond proceeds and construction costs of the First Street Industrial Park.

The government reports the following major proprietary funds:

The Water Fund and the Sewer Fund account for the activities of the water distribution system and sewage collection system.

Additionally, the government reports the following fund types:

The pension trust fund accounts for the activities of the employees retirement system which accumulates resources for pension benefit payments to qualified employees.

The deferred compensation trust fund accounts for amounts withheld from employees' pay in accordance with the Internal Revenue Code section 457.

Trust and agency funds to account for property tax collected on behalf of other units and various deposits.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2005

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer funds also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables--In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items--Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets--Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Water and Sewer Lines	50 to 100 years
Vehicles	3 to 5 years
Office equipment	5 to 7 years
Computer equipment	3 to 7 years

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2005

Compensated Absences (Vacation and Sick Leave)--It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government.

Long-Term Obligations--In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications--Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2005

NOTE 2-STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Township normally follows these procedures in establishing the budgetary data reflected in the financial statements:

On or before September 1, the Township supervisor submits to the Board, a proposed operating budget for the fiscal year commencing on January 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted at the Township hall to obtain taxpayer comments.

On or before December 31, the budget is adopted by resolution.

The transfer of budgeted amounts between departments within any fund or any revisions that alter the total expenditures of any fund must be approved by the Township Board.

Budgeted amounts are presented as originally adopted, or as amended by the Township Board before December 31. Individual amendments were not material in relation to the original appropriations which were amended.

Budgets as presented for the general and debt service funds are prepared on the modified accrual basis of accounting on the activity level. Encumbrances are not recorded at year end. Budget appropriations lapse at the end of each fiscal year.

Budgetary amounts reported herein are as originally adopted, or as amended by the Township Board throughout the operating year.

The Township legally adopts budgets for the General Fund, Special Revenue Funds, Debt Service Funds and Enterprise Funds.

Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the Township Board.

The legal level of control is at the activity level of the General Fund, and at the fund expenditure totals for the Debt Service funds.

The Township Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures must be approved by the Township Board.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2005

NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes Pere Marquette Charter Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in all of State statutory authority as listed above.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At the year end, the Township had \$1,058,939 of bank deposits (money market, checking and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Township does not have a policy for custodial credit risk. At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

Type of investment	Carrying value	How held
Daimler Chrysler	\$496,320	Counterparty
Fifth Third Bank Certificates of Deposit	1,533,850	Counterparty
ING	580,810	Counterparty
AIG Sun America	325,267	Counterparty

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2005

Concentration of Credit Risk

According to the Township's investment policy, unreasonable risk inherent in over-investing in specific instruments, individual financial institutions or maturities are to be avoided. Of the Township's investments, more than 5 percent are in the following:

Investment	Percent
Daimler Chrysler	16.90
Fifth Third Bank Certificates of Deposit	52.24
ING	19.78
AIG Sun America	11.08

NOTE 4 - RECEIVABLES

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Special assessments	\$ -	\$ 146,074

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2005

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	Balance January 1, 2005	Additions	Disposals	Balance December 31, 2005
Assets not being depreciated	\$ 283,267	\$	\$	\$ 283,267
Capital assets being depreciated:				
Buildings	1,724,240	9,954		1,734,194
Land improvements	352,125			352,125
Equipment	243,663	113,931		357,594
Subtotal	2,320,028	123,885		2,443,913
Accumulated depreciation:				
Buildings	583,399	43,574		626,973
Land improvements	79,173	14,548		93,721
Equipment	156,789	50,689		207,478
Subtotal	819,361	108,811		928,172
Net capital assets being depreciated	1,500,667	15,074		1,515,741
Net capital assets	\$ 1,783,934	\$ 15,074	\$	\$ 1,799,008

Business-Type Activities	Balance January 1, 2005	Additions	Disposals	Balance December 31, 2005
Assets not being depreciated	\$ 8,969	\$	\$	\$ 8,969
Capital assets being depreciated:				
Mains	6,722,703			6,722,703
Equipment	199,359	28,610		227,969
Pumping stations	275,375			275,375
Subtotal	7,197,437	28,610		7,226,047
Accumulated depreciation:				
Mains	1,333,164	116,897		1,450,061
Equipment	126,082	19,807		145,889
Pumping stations	133,934	3,528		137,462
Subtotal	1,593,180	140,232		1,733,412
Net capital assets being depreciated	5,604,257	(111,622)		5,492,635
Net capital assets	\$ 5,613,226	\$ (111,622)	\$	\$ 5,501,604

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2005

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$	41,437
Public safety		26,936
Public works		19,814
Community and economic development		3,988
Recreation and culture		16,636
Total governmental activities	\$	108,811

Business-Type activities:

Sewer	\$	80,336
Water		59,896
Total Business-Type activities	\$	140,232

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

	Transfers Out					
			Riverview/ Riviera Debt Service Fund	Jebavy Debt Service Fund	General Obligation Debt Service Fund	
Transfers In	General Fund					Total
General Obligation Debt Service Fund	\$ 392,618	\$ 37,000	\$ 2,000	\$ -	\$	431,618
Hamlin-Pere Marquette Water and Sewer Authority	1,700	-	-	297,230		298,930
Capital Improvement Fund	70,000	-	-	-		70,000
Total	\$ 464,318	\$ 37,000	\$ 2,000	\$ 297,230	\$	800,548

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2005

NOTE 7 - LONG-TERM DEBT

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. Contractual agreements and installment purchase agreements are also general obligations of the Township. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	Balance				Balance		Due within
	January 1, 2005		Additions	Reductions	December 31, 2005		one year
Township Bonds							
Payable	\$ 4,000,816	\$		\$ 330,841	\$ 3,669,975	\$	135,655
Hamlin/Pere Marquette							
Water and Sewer							
Bonds Payable	1,495,000			220,000	1,275,000		155,000
Totals	\$ 5,495,816	\$	\$	550,841	\$ 4,944,975	\$	290,655

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2005

Annual debt service requirements to maturity for the above obligations are as follows:

December 31,	Bonds Payable		
	Principal	Interest	Total
2006	\$ 290,655	\$ 218,347	\$ 509,002
2007	294,671	202,461	497,132
2008	293,890	186,960	480,850
2009	348,469	170,858	519,327
2010	243,820	155,082	398,902
2011	198,470	143,966	342,436
2012	200,000	133,656	333,656
2013	205,000	124,847	329,847
2014	220,000	115,392	335,392
2015	220,000	105,422	325,422
2016	225,000	95,184	320,184
2017	205,000	86,102	291,102
2018	210,000	78,321	288,321
2019	220,000	69,984	289,984
2020	230,000	60,984	290,984
2021	240,000	51,464	291,464
2022	275,000	40,872	315,872
2023	275,000	29,356	304,356
2024	275,000	17,669	292,669
2025	275,000	5,913	280,913
Totals	\$ 4,944,975	\$ 2,092,840	\$ 7,037,815

Long-term debt of Hamlin/Pere Marquette Water and Sewer Authority is included as Township debt because the Township has provided its backing on the authority bonds.

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2005

NOTE 8 - SEGMENT INFORMATION

The Township operates two funds which provide sewage and water services. Summary financial information for the sewer department is presented below:

Condensed Statement of Net Assets

	Sewer Fund	Water Fund
Assets		
Current assets	\$ 590,749	\$ 202,201
Capital assets	3,215,011	2,286,593
Total Assets	3,805,760	2,488,794
Liabilities		
Current liabilities	37,166	21,740
Net Assets		
Invested in capital assets	3,215,011	2,286,593
Unrestricted	553,583	180,461
Total Net Assets	\$ 3,768,594	\$ 2,467,054

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2005

Condensed Statement of Revenue, Expenses, and Changes in Net Assets

	Sewer Fund	Water Fund
Charges	\$ 354,890	\$ 261,575
Depreciation	(80,336)	(59,896)
Other operating expenses	(256,504)	(228,349)
Operating income	18,050	(26,670)
Nonoperating revenue (expense)		
Investment earnings	15,158	4,291
Penalty and interest charges	471	407
Reimbursements	113	-
Total nonoperating revenue and expenses	15,742	4,698
Changes in net assets	33,792	(21,972)
Beginning net assets	3,734,802	2,489,026
Ending net assets	\$ 3,768,594	\$ 2,467,054

Condensed Statement of Cash Flows

	Sewer Fund	Water Fund
Net cash provided by (used in)		
Operating activities	\$ 117,559	\$ 35,243
Capital and related financing activities	(23,720)	(4,890)
Investing activities	(181,162)	4,291
Net increase (decrease) in cash	(87,323)	34,644
Beginning cash and cash equivalents	373,956	111,753
Ending cash and cash equivalents	\$ 286,633	\$ 146,397

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2005

NOTE 9 - RISK MANAGEMENT

Pere Marquette Charter Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. Pere Marquette Charter Township participates in the Michigan Municipal Risk Management Authority for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority, that it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with Pere Marquette Charter Township.

The Michigan Municipal Risk Management Authority's State Pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS

The Township has no post-retirement benefit plans at this time other than its pension plan.

NOTE 11 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Defined Contribution Pension Plan

Pere Marquette Charter Township provides pension benefits to all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment (or other date). As established by (authority under which the pension obligation is established), Pere Marquette Charter Township contributes 6 percent of employees' base wages and employee contributions for each employee plus interest allocated to the employee's account are fully vested after 20 months of service.

Pere Marquette Charter Township's total payroll during the current year was \$511,629. The current year contribution was calculated based on covered payroll of \$403,625, resulting in an employer contribution of \$24,481.

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2005

NOTE 12 - DEFERRED COMPENSATION PLAN

The Pere Marquette Charter Township Board offers all Pere Marquette Charter Township employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans were held in trust, (custodial account or annuity contract) as described in IRC Section 457 (g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof of the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in Pere Marquette Charter Township's financial statements.

NOTE 13 - CONTINGENT LIABILITIES

The Township is a defendant in a lawsuit brought by Michigan Power Limited Partnership seeking to reduce the value of property at a con-generation station. In the opinion of Township's counsel, the likelihood of an unfavorable outcome is unknown and it is not possible to provide an estimate of the amount or range of potential loss.

REQUIRED SUPPLEMENTAL INFORMATION

Pere Marquette Charter Township

Mason County, Michigan

General Fund

Balance Sheet

December 31, 2005

	2005	2004
<u>ASSETS</u>		
Cash	\$ 184,264	\$ 279,064
Investments	250,000	-
Taxes receivable	922,587	1,043,069
Accounts receivable	130	50,545
TOTAL ASSETS	\$ 1,356,981	\$ 1,372,678
<u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES		
Accounts payable	\$ 10,333	\$ 13,051
TOTAL LIABILITIES	10,333	13,051
FUND BALANCES		
Fund balance	1,346,648	1,359,627
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,356,981	\$ 1,372,678

Pere Marquette Charter Township

Mason County, Michigan

General Fund

Budgetary Comparison Schedule

For the year ended December 31, 2005

	Original budget	Final budget	Actual	Variance with final budget	2004
REVENUES					
Property Taxes					
Current real property taxes	\$ 867,484	\$ 867,484	\$ 874,631	\$ 7,147	\$ 857,449
Current personal property taxes	58,230	58,230	56,963	(1,267)	61,941
Industrial facility tax	69,539	69,539	69,814	275	69,900
Penalties and interest on taxes	1,500	1,500	2,079	579	2,364
Property tax administration fee	148,114	148,114	141,587	(6,527)	141,406
Total Property Taxes	1,144,867	1,144,867	1,145,074	207	1,133,060
Federal Grants					
Homeland security fire department grant	65,000	65,000	52,824	(12,176)	14,560
State Grants					
State revenue sharing	168,346	168,346	152,140	(16,206)	147,045
Licenses and Permits					
Non-business licenses and permits	60	60	38	(22)	55
Business licenses and permits	20,850	20,850	17,398	(3,452)	22,685
Fines and forfeitures	1,000	1,000	283	(717)	1,367
Charges for Services					
Services rendered	134,150	148,050	143,750	(4,300)	103,844
Fees	372	372	-	(372)	882
Total Charges for Services	134,522	148,422	143,750	(4,672)	104,726
Interest and Rentals					
Interest and dividends	25,000	25,000	19,092	(5,908)	15,127
Rent	1,500	1,500	1,300	(200)	1,275
Total Interest and Rentals	26,500	26,500	20,392	(6,108)	16,402
Other Revenue					
Reimbursements	12,800	12,800	12,656	(144)	15,668
Other	1,000	1,000	2,835	1,835	2,985
Total Other Revenue	13,800	13,800	15,491	1,691	18,653
TOTAL REVENUES	1,574,945	1,588,845	1,547,390	(41,455)	1,458,553

Pere Marquette Charter Township

Mason County, Michigan

General Fund

Budgetary Comparison Schedule

December 31, 2005

	Original budget	Final budget	Actual	Variance with final budget	2004
Expenditures					
General government					
Township board	\$ 30,750	\$ 30,750	\$ 20,980	\$ 9,770	\$ 27,248
Supervisor	26,343	28,343	26,197	2,146	23,566
Superintendent	51,962	51,962	50,599	1,363	48,486
Administrator	16,554	11,554	7,774	3,780	12,788
Clerk	43,584	43,584	42,057	1,527	41,622
Audit	5,500	5,500	7,200	(1,700)	5,200
Board of review	1,750	1,750	1,453	297	1,075
Tax abatement review board	250	250	-	250	80
Treasurer	54,172	56,572	54,946	1,626	54,509
Assessor	89,455	89,455	85,569	3,886	66,119
Elections	12,518	12,518	10,394	2,124	4,831
Building and grounds	232,865	232,865	196,671	36,194	192,267
Cemetery	4,200	4,200	1,259	2,941	1,968
Total Expenditures	569,903	569,303	505,099	64,204	479,759
Public safety					
Fire department	174,740	174,740	162,642	12,098	103,533
Building inspection	60,537	42,237	39,232	3,005	51,896
Total Public safety	235,277	216,977	201,874	15,103	155,429
Department of public works					
Public works	53,596	56,596	50,492	6,104	46,728
Street lighting	23,300	23,300	19,297	4,003	19,330
Highways, streets and bridges	49,500	49,500	42,642	6,858	-
Total Department of public works	126,396	129,396	112,431	16,965	66,058
Community and economic development					
Planning	15,425	13,425	10,354	3,071	12,111
Zoning	28,642	29,442	24,993	4,449	22,875
Total Community and economic development	44,067	42,867	35,347	7,520	34,986
Recreation and culture					
Parks and recreation	83,800	94,800	91,985	2,815	80,729

Pere Marquette Charter Township

Mason County, Michigan

General Fund

Budgetary Comparison Schedule

December 31, 2005

	Original budget	Final budget	Actual	Variance with final budget	2004
Other governmental functions					
Employee fringe benefits	\$ 101,600	\$ 112,800	\$ 113,514	\$ (714)	\$ 96,202
Retirement	800	800	1,184	(384)	1,228
Social security	22,000	34,100	32,691	1,409	28,381
Unemployment insurance	-	2,000	1,432	568	3,427
Tax tribunal refunds	1,500	3,500	494	3,006	439
Total Other governmental functions	125,900	153,200	149,315	3,885	129,677
TOTAL EXPENDITURES	1,185,343	1,206,543	1,096,051	110,492	946,638
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	389,602	382,302	451,339	69,037	511,915
OTHER FINANCING SOURCES (USES)					
Transfers out	(445,118)	(465,118)	(464,318)	800	(397,137)
NET CHANGE IN FUND BALANCES	(55,516)	(82,816)	(12,979)	(395,281)	114,778
Fund balance at beginning of year	1,359,627	1,359,627	1,359,627	-	1,244,849
Fund balance at end of year	\$ 1,304,111	\$ 1,276,811	\$ 1,346,648	\$ (395,281)	\$ 1,359,627

Pere Marquette Charter Township

Mason County, Michigan

General Obligation Debt Service Fund

Balance Sheet

December 31, 2005

	2005	2004
<u>ASSETS</u>		
Cash	\$ 28,073	\$ 7,378
Special assessments receivable	35,231	42,175
Interest receivable	2,334	3,475
Due from other funds	-	2,296
TOTAL ASSETS	\$ 65,638	\$ 55,324
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES		
Deferred revenue	\$ 35,231	\$ 42,175
Fund balance		
Reserved for debt service	30,407	13,149
TOTAL LIABILITIES AND FUND BALANCES	\$ 65,638	\$ 55,324

Pere Marquette Charter Township

Mason County, Michigan

General Obligation Debt Service Fund

Budgetary Comparison Schedule

December 31, 2005

	Original budget	Final budget	Actual	Variance with final budget	2004
REVENUE					
Fees	\$ 19,500	\$ 19,500	\$ 36,705	\$ 17,205	\$ 27,615
Interest and dividends	100	100	433	333	175
Other	10,669	10,669	10,838	169	10,777
TOTAL REVENUE	30,269	30,269	47,976	17,707	38,567
EXPENDITURES					
Debt service					
Principal	120,848	120,848	120,868	(20)	112,131
Interest	43,661	43,661	43,638	23	50,377
Fees	650	650	600	50	600
TOTAL EXPENDITURES	165,159	165,159	165,106	53	163,108
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(134,890)	(134,890)	(117,130)	17,760	(124,541)
OTHER FINANCING SOURCES (USES)					
Transfers in	432,122	432,122	431,618	504	398,537
Transfers out	(297,232)	(297,232)	(297,230)	(2)	(299,978)
Prior period adjustments	-	-	-	-	(5,512)
TOTAL OTHER FINANCING SOURCES (USES)	134,890	134,890	134,388	502	93,047
NET CHANGE IN FUND BALANCES	-	-	17,258	18,262	(31,494)
Fund balance	13,149	13,149	13,149	-	44,643
Fund balance at end of year	\$ 13,149	\$ 13,149	\$ 30,407	\$ 18,262	\$ 13,149

Pere Marquette Charter Township

Mason County, Michigan

Riverview/Riviera Special Assessments Fund

Balance Sheet

December 31, 2005

	2005	2004
<u>ASSETS</u>		
Cash	\$ 75,888	\$ 270,860
Special assessments receivable	92,216	129,088
Interest receivable	-	8,740
TOTAL ASSETS	\$ 168,104	\$ 408,688
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES		
Deferred revenue	\$ 92,216	\$ 129,088
FUND BALANCES		
Reserved for debt service	75,888	279,600
TOTAL LIABILITIES AND FUND BALANCES	\$ 168,104	\$ 408,688

Pere Marquette Charter Township

Mason County, Michigan

Riverview/Riviera Special Assessments Fund

Budgetary Comparison Schedule

December 31, 2005

	Original budget	Final budget	Actual	Variance with final budget	2004
REVENUE					
Interest and dividends	\$ (2,500)	\$ (2,500)	\$ 5,572	\$ 8,072	\$ 3,533
Other	(27,503)	(27,503)	45,165	72,668	40,354
TOTAL REVENUE	(30,003)	(30,003)	50,737	80,740	43,887
EXPENDITURES					
Debt service					
Principal	200,000	200,000	200,000	-	50,000
Interest	10,935	10,935	10,935	-	13,910
Fees	425	425	425	-	425
Attorney	4,000	4,000	1,575	2,425	-
TOTAL EXPENDITURES	215,360	215,360	212,935	2,425	64,335
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(245,363)	(245,363)	(162,198)	83,165	(20,448)
OTHER FINANCING SOURCES (USES)					
Transfers out	-	(37,000)	(37,000)	-	-
Prior period adjustments	-	-	(4,514)	(4,514)	(20,621)
TOTAL OTHER FINANCING SOURCES (USES)	-	(37,000)	(41,514)	(4,514)	(20,621)
NET CHANGE IN FUND BALANCES	(245,363)	(282,363)	(203,712)	41,651	(41,069)
Fund balance	279,600	279,600	279,600	-	320,669
Fund balance at end of year	\$ 34,237	\$ (2,763)	\$ 75,888	\$ 41,651	\$ 279,600

Pere Marquette Charter Township

Mason County, Michigan

2004 Construction Fund

Balance Sheet

December 31, 2005

		2005
<u>ASSETS</u>		
Cash	\$	950,625
Investments		1,533,850
TOTAL ASSETS	\$	2,484,475
<u>LIABILITIES AND FUND EQUITY</u>		
FUND BALANCES		
Reserved for capital outlay	\$	2,484,475

Pere Marquette Charter Township

Mason County, Michigan

2004 Construction Fund

Budgetary Comparison Schedule

For the year ended December 31, 2005 with comparative actual amounts for 2004

	2005
<u>REVENUE</u>	
Interest and dividends	\$ 67,302
<u>EXPENDITURES</u>	
Capital outlay	202,502
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(135,200)
<u>OTHER FINANCING SOURCES (USES)</u>	
Bond proceeds	-
NET CHANGE IN FUND BALANCES	(135,200)
Fund balance beginning of year	2,619,675
Fund balance end of year	\$ 2,484,475

OTHER SUPPLEMENTAL INFORMATION

Pere Marquette Charter Township

Mason County, Michigan

Nonmajor Funds

Combining Balance Sheet

December 31, 2005

	Special Revenue Fund		Debt Service Funds					
	Metro Act Fund		2004 GO-CAP Improvement Fund		Linlook Debt Service Fund		Jebavy Debt Service Fund	
ASSETS								
Cash	\$	7,815	\$	130,756	\$	4,050	\$	2,443
Investments		-		-		-		-
Special assessments receivable		-		-		13,074		5,553
Interest receivable		-		-		591		444
TOTAL ASSETS	\$	7,815	\$	130,756	\$	17,715	\$	8,440
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Deferred revenue	\$	-	\$	-	\$	13,074	\$	5,553
FUND BALANCES								
Reserved for								
Debt Service		-		130,756		4,641		-
Capital Projects		-		-		-		2,887
Right of way improvements		7,815		-		-		-
TOTAL FUND BALANCES		7,815		130,756		4,641		2,887
TOTAL LIABILITIES AND FUND BALANCES	\$	7,815	\$	130,756	\$	17,715	\$	8,440



Capital Projects Funds			
Capital Improvement Fund		Industrial Park Construction Fund	Total
\$	171,437	\$ 25,093	\$ 341,594
-		50,000	50,000
-		-	18,627
-		-	1,035
\$	171,437	\$ 75,093	\$ 411,256

\$	-	\$ -	\$ 18,627
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-	-	135,397
171,437	75,093	249,417
-	-	7,815
171,437	75,093	392,629
\$ 171,437	\$ 75,093	\$ 411,256

Pere Marquette Charter Township

Mason County, Michigan

Nonmajor Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

December 31, 2005

	Special Revenue Fund		Debt Service Funds		
	Metro Act Fund		2004 GO-CAP Improvement Fund	Linlook Debt Service Fund	Jebavy Debt Service Fund
REVENUE					
Intergovernmental	\$	3,542	\$ -	\$ -	\$ -
Interest and rents		165	4,379	74	85
Other	-	-	-	7,384	2,295
TOTAL REVENUE		3,707	4,379	7,458	2,380
EXPENDITURES					
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	10,000	-
Interest	-	-	103,189	1,445	-
Fees	-	-	263	200	-
TOTAL EXPENDITURES	-	-	103,452	11,645	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		3,707	(99,073)	(4,187)	2,380
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(2,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	(2,000)
NET CHANGE IN FUND BALANCES		3,707	(99,073)	(4,187)	380
FUND BALANCES, BEGINNING OF YEAR		4,108	229,829	8,828	2,507
FUND BALANCES, END OF YEAR	\$	7,815	\$ 130,756	\$ 4,641	\$ 2,887

Capital Projects Funds		
Capital Improvement Fund	Industrial Park Construction Fund	Total
\$ -	\$ -	\$ 3,542
3,545	2,225	10,473
-	-	9,679
3,545	2,225	23,694
25,000	11,690	36,690
-	-	10,000
-	-	104,634
-	-	463
25,000	11,690	151,787
(21,455)	(9,465)	(128,093)
70,000	-	70,000
-	-	(2,000)
70,000	-	68,000
48,545	(9,465)	(60,093)
122,892	84,558	452,722
\$ 171,437	\$ 75,093	\$ 392,629

Pere Marquette Charter Township

Mason County, Michigan

Metro Act Fund

Balance Sheet

December 31, 2005

	2005	2004
<u>ASSETS</u>		
Cash	\$ 7,815	\$ 4,108
<u>LIABILITIES AND FUND EQUITY</u>		
FUND BALANCES		
Fund balance	\$ 7,815	\$ 4,108

Pere Marquette Charter Township

Mason County, Michigan

Metro Act Fund

Budgetary Comparison Schedule

For the year ended December 31, 2005 with comparative actual amounts for 2004

	Original budget	Final budget	Actual	Variance with final budget	2004
REVENUE					
Intergovernmental	\$ 3,166	\$ 3,166	\$ 3,542	\$ 376	\$ 3,166
Interest and dividends	10	10	165	155	44
TOTAL REVENUE	3,176	3,176	3,707	531	3,210
 NET CHANGE IN FUND BALANCES	 3,176	 3,176	 3,707	 531	 3,210
 Fund balance beginning of year	 4,108	 4,108	 4,108	 -	 898
 Fund balance end of year	 \$ 7,284	 \$ 7,284	 \$ 7,815	 \$ 531	 \$ 4,108

Pere Marquette Charter Township

Mason County, Michigan

2004 Capital Improvement Debt Service Fund

Balance Sheet

December 31, 2005

	2005	2004
<u>ASSETS</u>		
Cash	\$ 130,756	\$ 229,828
<u>LIABILITIES AND FUND BALANCE</u>		
Fund balance		
Reserved for debt service	\$ 130,756	\$ 229,828

Pere Marquette Charter Township

Mason County, Michigan

2004 Capital Improvement Debt Service Fund

Budgetary Comparison Schedule

December 31, 2005

	Original budget	Final budget	Actual	Variance with final budget	2004
REVENUE					
Interest and dividends	\$ 3,000	\$ 3,500	\$ 4,379	\$ 879	\$ 1,269
Other	-	-	-	-	228,559
TOTAL REVENUE	3,000	3,500	4,379	879	229,828
EXPENDITURES					
Debt service					
Interest	103,190	103,190	103,189	1	-
Fees	250	750	263	487	-
TOTAL EXPENDITURES	103,440	103,940	103,452	488	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(100,440)	(100,440)	(99,073)	1,367	229,828
Fund balance	229,829	229,829	229,829	-	-
Fund balance at end of year	\$ 129,389	\$ 129,389	\$ 130,756	\$ 1,367	\$ 229,828

Pere Marquette Charter Township

Mason County, Michigan

Linlook Special Assessment Fund

Balance Sheet

December 31, 2005

	2005	2004
<u>ASSETS</u>		
Cash	\$ 4,050	\$ 5,879
Special assessments receivable	13,074	21,486
Interest receivable	591	939
TOTAL ASSETS	\$ 17,715	\$ 28,304
<u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES		
Deferred revenue	\$ 13,074	\$ 19,476
FUND BALANCES		
Reserved for debt service	4,641	8,828
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,715	\$ 28,304

Pere Marquette Charter Township

Mason County, Michigan

Linlook Special Assessment Fund

Budgetary Comparison Schedule

For the year ended December 31, 2005 with comparative actual amounts for 2004

	Original budget	Final budget	Actual	Variance with final budget	2004
REVENUE					
Interest and dividends	\$ -	\$ -	\$ 74	\$ 74	\$ 58
Other	6,281	6,281	7,384	1,103	6,351
TOTAL REVENUE	6,281	6,281	7,458	1,177	6,409
EXPENDITURES					
Debt service					
Principal	10,000	10,000	10,000	-	10,000
Interest	1,446	1,446	1,445	1	2,010
Fees	200	200	200	-	200
TOTAL EXPENDITURES	11,646	11,646	11,645	1	12,210
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,365)	(5,365)	(4,187)	1,178	(5,801)
OTHER FINANCING SOURCES (USES)					
Prior period adjustments	-	-	-	-	(5,515)
NET CHANGE IN FUND BALANCES	(5,365)	(5,365)	(4,187)	1,178	(11,316)
Fund balance beginning of year	8,828	8,828	8,828	-	20,144
Fund balance end of year	\$ 3,463	\$ 3,463	\$ 4,641	\$ 1,178	\$ 8,828

Pere Marquette Charter Township

Mason County, Michigan

1993 Jebavy Debt Service Fund

Balance Sheet

December 31, 2005

	2005	2004
ASSETS		
Cash	\$ 2,443	\$ 1,915
Special assessments receivable	5,553	7,404
Interest receivable	444	592
TOTAL ASSETS	\$ 8,440	\$ 9,911
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Deferred revenue	\$ 5,553	\$ 7,404
FUND BALANCES		
Fund balance	2,887	2,507
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,440	\$ 9,911

Pere Marquette Charter Township

Mason County, Michigan

1993 Jebavy Debt Service Fund

Budgetary Comparison Schedule

For the year ended December 31, 2005 with comparative actual amounts for 2004

	Original budget	Final budget	Actual	Variance with final budget	2004
REVENUE					
Interest and dividends	\$ 16	\$ 16	\$ 85	\$ 69	\$ 32
Other	2,295	2,295	2,295	-	2,444
TOTAL REVENUE	2,311	2,311	2,380	69	2,476
OTHER FINANCING SOURCES (USES)					
Transfers out	(2,000)	(2,000)	(2,000)	-	(3,000)
Prior period adjustments	-	-	-	-	(1,851)
TOTAL OTHER FINANCING SOURCES (USES)	(2,000)	(2,000)	(2,000)	-	(4,851)
NET CHANGE IN FUND BALANCES	311	311	380	69	(2,375)
Fund balance beginning of year	2,507	2,507	2,507	-	4,882
Fund balance end of year	\$ 2,818	\$ 2,818	\$ 2,887	\$ 69	\$ 2,507

Pere Marquette Charter Township

Mason County, Michigan

Capital Projects Fund

Balance Sheet

December 31, 2005

	2005	2004
<u>ASSETS</u>		
Cash	\$ 171,437	\$ 122,892
<u>LIABILITIES AND FUND EQUITY</u>		
FUND BALANCES		
Reserved for capital outlay	\$ 171,437	\$ 122,892

Pere Marquette Charter Township

Mason County, Michigan

Capital Projects Fund

Statement of Revenue, Expenditures and Changes in Fund Balance

For the year ended December 31, 2005 with comparative actual amounts for 2004

	2005	2004
<u>REVENUE</u>		
Interest and dividends	\$ 3,545	\$ 1,621
<u>EXPENDITURES</u>		
Capital outlay	25,000	9,739
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers in	70,000	-
NET CHANGE IN FUND BALANCES	48,545	(8,118)
Fund balance beginning of year	122,892	131,010
Fund balance end of year	\$ 171,437	\$ 122,892

Pere Marquette Charter Township

Mason County, Michigan

Industrial Park Construction Fund

Balance Sheet

December 31, 2005

		2005		2004
<u>ASSETS</u>				
Cash	\$	25,093	\$	84,558
Investments		50,000		-
TOTAL ASSETS	\$	75,093	\$	84,558
<u>LIABILITIES AND FUND EQUITY</u>				
FUND BALANCES				
Reserved for capital outlay	\$	75,093	\$	84,558

Pere Marquette Charter Township

Mason County, Michigan

Industrial Park Construction Fund

Statement of Revenue, Expenditures and Changes in Fund Balance

For the year ended December 31, 2005 with comparative actual amounts for 2004

	2005	2004
<u>REVENUE</u>		
Interest and dividends	\$ 2,225	\$ 912
Reimbursements	-	1,200
Other	-	500
TOTAL REVENUE	2,225	2,612
<u>EXPENDITURES</u>		
Capital outlay	11,690	25,050
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,465)	(22,438)
NET CHANGE IN FUND BALANCES	(9,465)	(22,438)
Fund balance beginning of year	84,558	106,996
Fund balance end of year	\$ 75,093	\$ 84,558

Long-term Debt Schedules

Pere Marquette Charter Township

Mason County, Michigan

Schedule of Bonded Debt

\$105,000 General Obligation Limited Tax Bonds

December 31, 2005

Year ended December 31,	Interest Rate	Principal	Interest	Total
2006	8.50%	\$ 10,000	\$ 435	\$ 10,435
Totals		\$ 10,000	\$ 435	\$ 10,435

Pere Marquette Charter Township

Mason County, Michigan

Schedule of Bonded Debt

\$420,000 System No. 2 Bonds - Hamlin/Pere Marquette Water & Sewer Authority

December 31, 2005

Year ended December 31,	Interest Rate	Principal	Interest	Total
2006	6.40%	\$ 40,000	\$ 4,206	44,206
2007	6.50%	45,000	1,463	46,463
Totals		\$ 85,000	\$ 5,669	90,669

Pere Marquette Charter Township

Mason County, Michigan

Schedule of Bonded Debt

\$135,000 Special Assessment Bonds

December 31, 2005

Year ended December 31,	Interest Rate	Principal	Interest	Total
2006	5.75%	\$ 10,000	\$ 873	10,873
2007	5.80%	5,000	441	5,441
2008	5.90%	5,000	148	5,148
Totals		\$ 20,000	\$ 1,462	21,462

Pere Marquette Charter Township

Mason County, Michigan

Schedule of Bonded Debt

\$980,000 System No. 3 Bonds - Hamlin/Pere Marquette Water & Sewer Authority

December 31, 2005

Year ended December 31,	Interest Rate	Principal	Interest	Total
2006	4.50%	\$ 80,000	\$ 13,950	\$ 93,950
2007	4.50%	85,000	10,238	95,238
2008	4.50%	90,000	6,300	96,300
2009	4.50%	95,000	2,137	97,137
Totals		\$ 350,000	\$ 32,625	\$ 382,625

Pere Marquette Charter Township

Mason County, Michigan

Schedule of Bonded Debt

\$500,000 General Obligation Limited Tax Bonds

December 31, 2005

Year ended December 31,	Interest Rate	Principal	Interest	Total
2006	6.10%	\$ 40,000	\$ 13,270	\$ 53,270
2007	6.20%	45,000	10,655	55,655
2008	6.30%	45,000	7,842	52,842
2009	6.40%	50,000	4,825	54,825
2010	6.45%	50,000	1,613	51,613
Totals		\$ 230,000	\$ 38,205	\$ 268,205

Pere Marquette Charter Township

Mason County, Michigan

Schedule of Bonded Debt

\$995,000 System No. 4 Bonds - Hamlin/Pere Marquette Water & Sewer Authority

December 31, 2005

Year ended December 31,	Interest Rate	Principal	Interest	Total
2006	5.50%	\$ 35,000	\$ 46,985	\$ 81,985
2007	5.55%	35,000	45,051	80,051
2008	5.60%	60,000	42,400	102,400
2009	5.60%	60,000	39,040	99,040
2010	5.65%	85,000	34,959	119,959
2011	5.65%	85,000	30,156	115,156
2012	5.70%	90,000	25,190	115,190
2013	5.75%	90,000	20,038	110,038
2014	5.80%	100,000	14,550	114,550
2015	5.80%	100,000	8,750	108,750
2016	5.85%	100,000	2,925	102,925
Totals		\$ 840,000	\$ 310,044	\$ 1,150,044

Pere Marquette Charter Township

Mason County, Michigan

Schedule of Bonded Debt

\$600,000 Title Retaining Installment Purchase Agreement

December 31, 2005

Year ended December 31,	Interest Rate	Principal	Interest	Total
2006	5.3875%	\$ 43,631	\$ 15,698	\$ 59,329
2007	5.3875%	45,981	13,348	59,329
2008	5.3875%	48,459	10,871	59,330
2009	5.3875%	51,069	8,260	59,329
2010	5.3875%	53,820	5,509	59,329
2011	5.3875%	48,470	2,609	51,079
Totals	\$	291,430	\$ 56,295	\$ 347,725

Pere Marquette Charter Township

Mason County, Michigan

Schedule of Bonded Debt

\$300,000 Installment Purchase Agreement

December 31, 2005

Year ended December 31,	Interest Rate	Principal	Interest	Total
2006	5.20%	\$ 32,024	\$ 7,204	\$ 39,228
2007	5.20%	33,690	5,539	39,229
2008	5.20%	35,431	3,798	39,229
2009	5.20%	37,400	1,945	39,345
Totals		\$ 138,545	\$ 18,486	\$ 157,031

Pere Marquette Charter Township

Mason County, Michigan

Schedule of Bonded Debt

\$2,980,000 2004 General Obligation Capital Improvement Bonds

December 31, 2005

Year ended December 31,	Interest Rate	Principal	Interest	Total
2006	2.50%	\$	\$ 115,726	\$ 115,726
2007	2.50%		115,726	115,726
2008	2.50%	10,000	115,601	125,601
2009	3.00%	55,000	114,651	169,651
2010	3.00%	55,000	113,001	168,001
2011	3.00%	65,000	111,201	176,201
2012	3.20%	110,000	108,466	218,466
2013	3.30%	115,000	104,809	219,809
2014	3.45%	120,000	100,842	220,842
2015	3.50%	120,000	96,672	216,672
2016	3.70%	125,000	92,259	217,259
2017	3.75%	205,000	86,102	291,102
2018	3.75%	210,000	78,321	288,321
2019	4.00%	220,000	69,984	289,984
2020	4.00%	230,000	60,984	290,984
2021	4.10%	240,000	51,464	291,464
2022	4.13%	275,000	40,872	315,872
2023	4.25%	275,000	29,356	304,356
2024	4.25%	275,000	17,669	292,669
2025	4.30%	275,000	5,913	280,913
Totals		\$ 2,980,000	\$ 1,629,619	\$ 4,609,619

AUDITORS' REPORTS

COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT

To the Township Board
Pere Marquette Charter Township
Mason County, Michigan

We have audited the general purpose financial statements of Pere Marquette Charter Township, Mason County, Michigan for the year ended December 31, 2005, and have issued our report thereon dated April 5, 2006. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated June 9, 2006, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Pere Marquette Charter Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Pere Marquette Charter Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Pere Marquette Charter Township are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2005. We noted no transactions entered into by Pere Marquette Charter Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Township Township Board and management of Pere Marquette Charter Township and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA
Byron Center, Michigan
April 5, 2006

MANAGEMENT COMMENTS LETTER

To the Township Board
Pere Marquette Charter Township
Mason County, Michigan

In planning and performing our audit of the financial statements of Pere Marquette Charter Township for the year ended December 31, 2005 we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated April 5, 2006 on the financial statements of Pere Marquette Charter Township.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with Township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations

A handwritten signature in black ink, reading "Douglas Wohlberg". The signature is written in a cursive, flowing style with a large loop at the end of the last name.

Douglas Wohlberg, CPA
Byron Center, Michigan
April 5, 2006

MANAGEMENT COMMENTS LETTER

To the Township Board
Pere Marquette Charter Township
Mason County, Michigan

Page 2

Prior comments and suggestions

We had no comments for the year ended December 31, 2004.

Current comments and suggestions

1. Section 43(3)(a) [MCL 211.43(3)(a)] of the General Property Tax Act provides that local units with a state equalized value of more than \$15,000,000 shall, within 10 business days after the first and fifteenth day of each month, account for and deliver to the county treasurer and other tax assessing units, the tax collections on hand on the first and fifteenth day of each month. The Treasurer did not comply with this act; distributions were made approximately monthly. This occurred in part from the implementation of new property tax collection and accounting software. Township personnel have taken training and implemented procedures to ensure timely distribution of property taxes in the future.

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2005

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Township Board
Pere Marquette Charter Township
Mason County, Michigan

We have audited the general purpose financial statements of Pere Marquette Charter Township, Mason County, Michigan as of and for the year ended December 31, 2005, and have issued our report thereon dated April 5, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

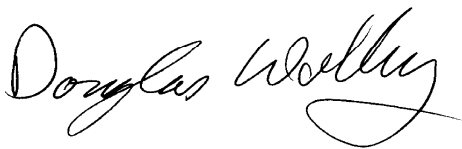
Compliance

As part of obtaining reasonable assurance about whether Pere Marquette Charter Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pere Marquette Charter Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA
Byron Center, Michigan
April 5, 2006